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U.S. Treasury Dept.

1946.

ANNUAL REPORT OF THE
SECRETARY OF THE TREASURY

ON

THE STATE OF THE
FINANCES

FOR THE FISCAL YEAR

ENDED JUNE 30

1946



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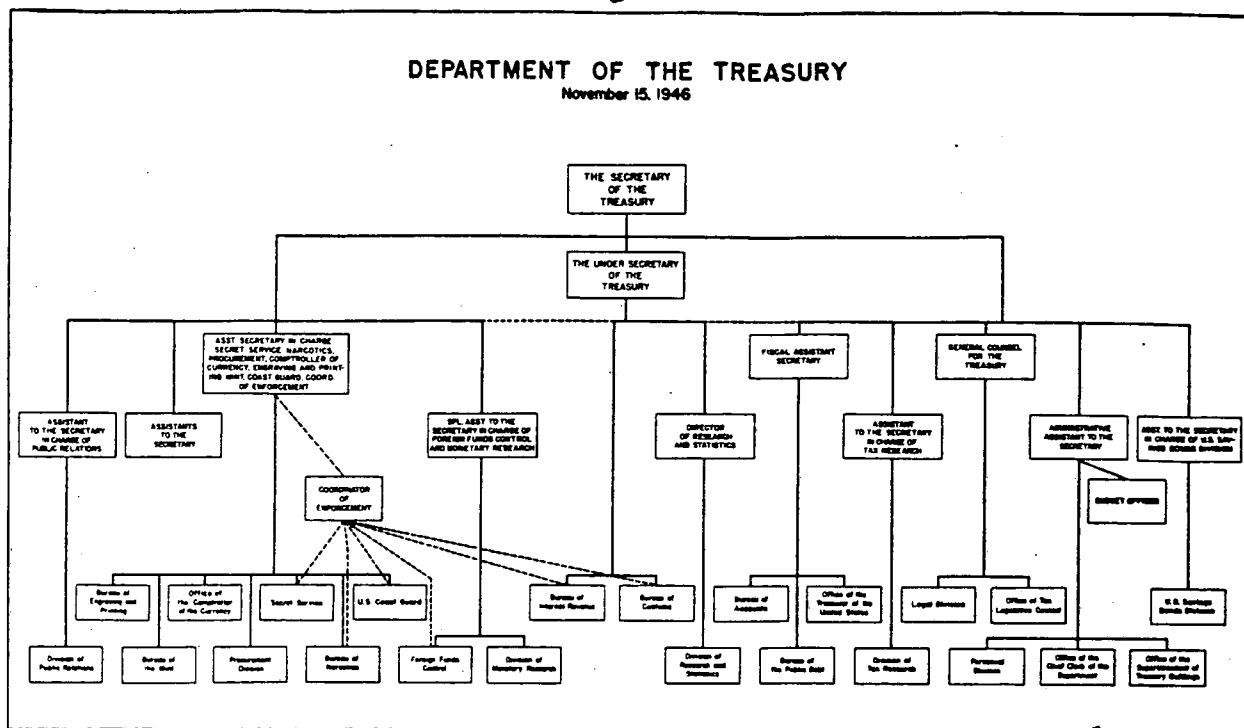


CHART 1.

TREASURY DEPARTMENT,
Washington, D. C., January 10, 1947.

SIR: I have the honor to make the following report on the finances of the Federal Government for the fiscal year ended June 30, 1946.

Fiscal policy

Employment and production are both at high levels at the present time, but the transition to a peacetime economy is not yet complete. While the output of most types of finished goods is now high, that of other types is still low relative to demand. The output of these types of goods, such as automobiles, electric refrigerators, and sewing machines, will continue to increase as the pipe lines of production and distribution are filled and shortages of component parts no longer interfere with the smooth flow of the productive process. As a consequence of the time required to attain volume production of some types of goods and of the short time which has elapsed since the end of the war, there is still a substantial backlog of unsatisfied consumer demand for many types of goods and services; and upward pressures on prices persist in many areas of the economy.

In the present economic environment, the Federal Government should make every effort, not only to attain a balanced budget, but also to achieve a substantial surplus of taxes over expenditures, and so to reduce the public debt. This requires both the maintenance of a high level of taxes and the utmost economy in Government expenditure consistent with national security and with an adequate level of Government services at home. The President's Budget Message reflects a determination to achieve both of these objectives.

I recognize, of course, that present tax rates are high. I am anxious that those rates be reduced as rapidly as possible. But, I believe that, under present circumstances, first priority must be given to effecting a substantial reduction in the public debt.

We cannot afford a general reduction of tax rates so long as the economy is confronted with strong inflationary pressures. Furthermore, even when these pressures subside, we should maintain tax rates high enough to effect as rapid a reduction in the public debt as is

TABLE 3.—Classification of monthly and total receipts, fiscal year 1946, and comparative totals for 1945—Continued

PART B. TRUST ACCOUNTS, ETC.—Continued

Source	Fiscal year 1946						
	July 1945	August 1945	September 1945	October 1945	November 1945	December 1945	January 1946
Other trust accounts—Continued.							
Civil service retirement fund:							
Deductions from employees' salaries, etc.	\$24,251,812.78	\$25,118,704.47	\$27,239,052.82	\$23,725,959.71	\$24,693,487.18	\$21,634,385.38	\$23,566,176.40
District of Columbia share	1,220,000.00						471,780.83
Interest and profits on investments							
Transfers from General Fund (United States share)	245,000,000.00						
District of Columbia:							
Revenues from taxes, etc.	1,839,634.00	2,102,581.17	7,939,592.44	12,898,546.73	3,809,447.22	2,453,030.44	3,113,068.02
Transfers from General Fund (United States share)	6,000,000.00						
Foreign service retirement fund:							
Deductions from employees' salaries, etc.	38,012.17	9,212.61	8,628.56	10,585.27	11,692.94	7,154.63	12,487.63
Interest on investments			476.71	630.14	816.44	966.30	569.96
Transfers from General Fund (United States share)	922,800.00						
Government life insurance fund:							
Interest and profits on investments			4,419,699.02	866,403.00		2,321,616.25	
Premiums and other receipts	1,973,237.25	4,776,943.48	4,449,387.99	5,006,066.36	4,902,654.64	7,272,168.78	3,583,259.35
Indian tribal funds	710,389.42	5,457,719.13	630,532.75	870,817.19	529,729.55	666,843.17	967,049.38
Insular possessions	106.38	1,633.03	468.53	897.54	7,309.32	7,318.75	9,742.63
Other	104,732,542.00	133,114,363.00	100,561,544.26	134,499,711.24	162,393,504.61	109,102,762.75	38,365,901.71
Unclassified	* 33,051,709.06	* 88,504,690.03	122,088,564.51	1,222,308.55	* 2,440,453.90	* 3,710,386.96	3,800,773.47
Increment resulting from reduction in the weight of the gold dollar	24,504.95	8,094.17	4,358.23	11,334.97	7,345.18	4,469.40	7,205.41
Seigniorage ¹	34,703,030.18	8,262,626.24	20,656,565.59	16,525,252.48	16,525,252.48	20,656,565.60	43,242,020.08
Total receipts	890,436,353.17	879,297,334.35	460,226,067.75	416,637,280.73	714,536,917.50	314,909,496.94	988,772,244.11

	February 1946	March 1946	April 1946	May 1946	June 1946	Total fiscal year 1946	Total fiscal year 1945
Other trust accounts—Continued.							
Civil service retirement fund:							
Deductions from employees' salaries, etc.	\$21,496,529.20	\$21,084,076.73	\$21,509,623.25	\$21,933,954.48	\$22,750,851.79	\$279,064,674.19	\$288,255,434.04
District of Columbia share						1,220,000.00	1,290,875.00
Interest and profits on investments	206,904.11	1,167,342.46	655,342.47	108,821.92	81,820,028.54	84,430,220.33	68,582,148.62
Transfers from General Fund (United States share)						245,000,000.00	194,500,000.00
District of Columbia:							
Revenues from taxes, etc.	1,813,920.03	9,559,816.31	12,204,312.69	5,486,742.21	2,704,018.20	65,724,699.46	64,603,817.96
Transfers from General Fund (United States share)						6,000,000.00	6,000,000.00
Foreign service retirement fund:							
Deductions from employees' salaries, etc.	11,019.89	9,254.03	10,197.23	14,114.17	17,342.86	158,702.18	237,973.22
Interest on investments	1,545.21	1,179.18	1,966.03	1,450.96	333,477.97	343,098.80	308,722.57
Transfers from General Fund (United States share)						922,800.00	910,500.00
Government life insurance fund:							
Interest and profits on investments		4,419,708.27	866,403.98		32,228,844.70	45,122,679.22	39,472,000.30
Premiums and other receipts	7,044,292.39	3,791,780.04	4,806,231.72	5,060,354.01	5,125,313.54	57,851,689.55	57,727,398.36
Indian tribal funds	672,586.23	692,653.91	1,020,222.60	615,796.19	556,004.54	13,380,933.96	8,376,388.74
Insular possessions		22,952.34	19,999.97	5,476.07	78,290.95	132,186.41	* 2,124,613.89
Other	137,973,395.55	16,965,167.10	33,541,204.52	282,115,297.03	79,382,036.53	1,332,667,433.52	952,483,147.06
Unclassified	321,969.84	1,231,982.21	* 8,638,982.20	* 60,070,927.06	67,189,533.90	* 592,014.63	* 1,281,723.97
Increment resulting from reduction in the weight of the gold dollar	8,913.24	4,587.52	8,636.73	7,026.85	2,559.96	99,036.66	120,289.08
Seigniorage ¹	29,832,727.17	20,656,565.59	37,181,818.07		56,030.31	248,296,453.74	
Total receipts	748,411,789.10	246,301,413.36	461,489,057.03	855,221,230.57	698,615,162.57	* 7,674,854,351.18	7,053,610,910.39

* Counter-entry receipts (deduct).

¹ This item of seigniorage represents the difference between the cost value and the monetary value of silver bullion (valued and held to secure the silver certificates issued on account of silver acquired under the Silver Purchase Act of 1934).

² The total receipts for "Trust accounts, etc." in this table does not agree with the corresponding total shown in the daily Treasury statement for June 28, 1946, since adjustments have been made in these figures for receipts amounting to \$11,600,182.38 which were classified in the statement for June 28, 1946, as repayments under the caption "Expenditures—Other trust funds and accounts."

TABLE 4.—Classification of monthly and total expenditures, fiscal year 1946 and comparative totals for 1945—Continued

DETAIL OF EXPENDITURES—Continued
PART B. TRUST ACCOUNTS, ETC.—Continued

Classification	Fiscal year 1946						
	July 1945	August 1945	September 1945	October 1945	November 1945	December 1945	January 1946
I. Trust accounts, etc.—Continued.							
Other trust funds and accounts—Continued.							
Other trust accounts—Continued.							
Government life insurance fund:							
Benefits, refunds, etc.	* \$565, 116.91	\$3, 983, 088.14	\$3, 014, 516.60	\$4, 224, 976.02	\$3, 708, 348.77	\$6, 387, 263.84	\$1, 196, 820.40
Investments	3, 300, 000.00	1, 500, 000.00	5, 500, 000.00	1, 300, 000.00	1, 500, 000.00	3, 000, 000.00	1, 050, 000.00
Indian tribal funds	301, 149.96	275, 171.50	725, 230.97	615, 234.88	570, 141.12	585, 749.04	585, 490.24
Other	14, 698, 227.93	360, 504, 817.99	14, 777, 305.65	56, 991, 329.05	80, 961, 539.59	44, 964, 721.51	417, 175, 650.94
Unclassified	* 28, 278.97	* 17, 381.77	49, 545.53	86, 514.44	* 86, 770.21	* 5, 076.40	* 78, 522.10
Chargeable against increment on gold—							
Melting losses, etc.			488.48		507.82		
Special deposits (net):							
District of Columbia	* 47, 812.65	46, 828.36	* 5, 691.63	* 75, 580.56	61, 726.32	* 68, 165.71	* 150, 221.62
Indian tribal funds	342, 304.88	* 515, 670.57	* 609, 510.38	* 527, 662.56	* 1, 283, 778.28	* 609, 972.72	1, 023, 307.79
Other	28, 838, 328.49	86, 750, 592.48	* 54, 057, 250.39	118, 201, 738.16	25, 721, 069.42	74, 707, 190.11	98, 277, 280.09
Unclassified	100.00	* 100.00			* 118.00	* 118.00	837.20
Subtotal	783, 838, 571.90	955, 430, 456.82	504, 029, 615.80	388, 796, 303.11	404, 118, 901.68	566, 582, 290.63	1, 274, 021, 883.84
II. Transactions in checking accounts of Govern-							
ment agencies, etc. (net):							
Sales and redemptions of obligations in							
market (net):							
Guaranteed by the United States:							
Commodity Credit Corporation	1, 156, 494.74	58, 945.30	6, 826, 643.95	4, 977, 604.03	20, 008, 778.14	6, 613, 809.15	7, 075, 834.88
Federal Farm Mortgage Cor-							
poration	692, 500.00	461, 000.00	341, 400.00	425, 700.00	339, 900.00	366, 500.00	371, 900.00
Federal Housing Administration							
Federal Public Housing Author-							
ity		5, 000.00	1, 000.00				
Home Owners' Loan Corporation	2, 610, 025.00	1, 099, 600.00	622, 725.00	584, 350.00	581, 050.00	1, 182, 550.00	1, 405, 650.00
Reconstruction Finance Corpora-			10, 000.00				
tion							

Classification	Fiscal year 1946						Total fiscal year 1945
	February 1946	March 1946	April 1946	May 1946	June 1946		
I. Trust accounts, etc.—Continued.							
Other trust funds and accounts—Continued.							
Other trust accounts—Continued.							
Government life insurance fund:							
Benefits, refunds, etc.	\$5, 686, 304.79	\$3, 604, 458.59	\$5, 883, 696.80	\$5, 391, 402.71	\$7, 650, 506.64	\$50, 166, 286.39	\$24, 509, 933.86
Investments		4, 100, 000.00			26, 077, 299.26	47, 327, 289.26	72, 826, 289.50
Indian tribal funds	498, 779.23	879, 130.57	378, 530.31	398, 277.33	1, 155, 633.68	6, 968, 527.83	7, 001, 243.86
Other	192, 511, 487.66	54, 644, 901.07	37, 515, 793.16	209, 247, 000.27	4, 848, 368.39	1, 485, 841, 133.21	343, 041, 274.59
Unclassified	203, 373.49	81, 577.85	* 274, 063.39	73, 678.70	* 3, 936.16	661.01	* 89.91
Chargeable against increment on gold—							
Melting losses, etc.						996.30	3, 821.34
Special deposits (net):							
District of Columbia	83, 749.28	* 49, 670.50	* 47, 055.43	* 37, 650.29	84, 543.52	* 215, 000.91	391, 303.52
Indian tribal funds	358, 181.11	27, 973.03	148, 568.16	140, 708.67	* 5, 646, 750.34	* 7, 152, 302.23	* 75, 755.07
Other	64, 846, 239.11	* 30, 265, 348.61	* 122, 255, 781.39	138, 816, 308.62	* 33, 739, 716.63	395, 860, 649.46	* 1, 302, 294, 747.15
Unclassified	* 601.20	* 185, 887.64	185, 887.64	39.04	* 39.04		
Subtotal	700, 579, 062.91	419, 146, 046.06	211, 483, 907.69	813, 502, 542.43	793, 820, 194.49	* 7, 845, 369, 486.36	5, 081, 810, 129.80
II. Transactions in checking accounts of Govern-							
ment agencies, etc. (net):							
Sales and redemptions of obligations in							
market (net):							
Guaranteed by the United States:							
Commodity Credit Corporation	2, 219, 517.74	315, 342.00	4, 966, 549.70	2, 385, 106.12	87, 058, 870.98	143, 663, 496.73	434, 045, 722.88
Federal Farm Mortgage Cor-							
poration	215, 500.00	294, 100.00	249, 000.00	194, 700.00	163, 100.00	4, 115, 300.00	35, 083, 700.00
Federal Housing Administration	12, 950.00					2, 500, 000.00	3, 759, 450.00
Federal Public Housing Author-							
ity						6, 000.00	58, 000.00
Home Owners' Loan Corporation	637, 325.00	384, 275.00	319, 050.00	339, 650.00	373, 100.00	10, 139, 350.00	* 803, 027, 350.00
Reconstruction Finance Corpora-		1, 000.00				11, 000.00	157, 000.00
tion							

* Excess of credits (deduct).

¹¹ The total of expenditures for "Trust accounts, etc." in this table does not agree with the corresponding total shown in the daily Treasury statement for June 28, 1946, since adjustment has been made in receipts amounting to \$11,600,182.58 which were classified

in the statement for June 28, 1946, as repayments under the caption "Expenditures—Other trust funds and accounts."

¹² Includes during the fiscal year 1945 \$721,868,000 of 1½ percent Home Owners' Loan Corporation bonds, Series M 1945-47, exchanged for certain Treasury obligations.

TABLE 109.—Budget and trust account receipts and expenditures, actual for the fiscal year 1948 and estimated for 1947 and 1948—Continued

	Actual, fiscal year 1946	Estimated	
		Fiscal year 1947	Fiscal year 1948
TRUST ACCOUNTS, ETC., RECEIPTS AND EXPENDITURES—Continued			
RECEIPTS—continued			
National service life insurance fund:			
Interest on investments			
Premiums and other receipts	\$124,856,599.37	\$162,030,000	\$194,000,000
Transfers from general fund	844,723,880.82	882,700,000	882,800,000
Railroad retirement account:	1,381,405,975.01	973,563,267	53,802,000
Interest on investments			
Transfers from general fund	19,881,328.77	24,000,000	87,000,000
Unemployment trust fund:	291,913,000.00	501,956,000	481,219,000
Deposits by States			
Interest on investments	1,009,908,856.23	977,000,000	1,124,000,000
Railroad unemployment insurance account:	143,594,522.15	144,800,000	166,000,000
Deposits by Railroad Retirement Board			
Transfers from States (act June 25, 1938)	116,213,535.63	128,700,000	114,300,000
Transfers from railroad unemployment insurance administration fund (act Oct. 10, 1940)	444,214.34		
Other trust funds and accounts:	9,617,970.00	9,214,985	9,373,778
Other trust accounts:			
Adjusted service certificate fund:			
Interest on loans and investments			
Alaska Railroad retirement fund:	559,726.97	470,000	14,800
Deductions from employees' salaries, etc.			
Interest on investments	282,792.73	276,425	277,352
Transfers from general fund (United States share)	83,454.03	100,295	108,690
Canal Zone retirement fund:	217,000.00	217,000	217,000
Deductions from employees' salaries, etc.			
Interest on investments	1,087,728.77	1,035,011	887,133
Transfers from general fund (United States share)	449,659.31	467,253	482,800
Civil service retirement fund:	1,177,000.00	1,177,000	1,177,000
Deductions from employees' salaries, etc.			
District of Columbia share	279,064,674.19	228,718,795	180,856,323
Interest and profits on investments	1,220,000.00	1,183,000	1,530,000
Transfers from general fund (United States share)	84,430,220.33	92,066,717	105,099,047
District of Columbia:	245,000,000.00	220,100,000	244,000,000
Revenues from taxes, etc.			
Transfers from general fund (United States share)	65,724,699.46	77,119,131	89,020,161
Foreign service retirement fund:	6,000,000.00	8,000,000	8,000,000
Deductions from employees' salaries, etc.			
Interest on investments	159,702.18	300,000	300,000
Transfers from general fund (United States share)	343,098.80	350,000	350,000
Government life insurance fund:	922,800.00	1,051,000	1,051,000
Interest and profits on investments			
Premiums and other receipts	45,122,679.22	39,731,000	40,400,000
Indian tribal funds	57,851,689.55	45,230,000	42,620,000
Insular possessions	13,380,833.96	12,860,900	12,860,900
Other	152,186.41	74,740	4,800
Increment resulting from reduction in the weight of the gold dollar	1,332,667,433.52	498,458,200	138,946,401
Seigniorage "			
Unclassified	99,036.66		
	248,298,453.74		
	502,014.63		
Total receipts	7,674,854,351.18	6,050,760,719	5,587,298,291

Footnotes at end of table.

TABLE 109.—Budget and trust account receipts and expenditures, actual for the fiscal year 1948 and estimated for 1947 and 1948—Continued

	Actual, fiscal year 1946	Estimated	
		Fiscal year 1947	Fiscal year 1948
TRUST ACCOUNTS, ETC., RECEIPTS AND EXPENDITURES—Continued			
EXPENDITURES			
Federal old-age and survivors insurance trust fund:			
Benefit payments	\$320,510,091.90	\$436,000,000	\$443,000,000
Investments	1,002,453,200.00	1,080,269,904	1,040,181,000
Salaries, Bureau of Old-Age and Survivors Insurance "		27,080,000	30,833,000
National Service Life Insurance fund:			
Benefits, refunds, etc.	279,767,277.25	227,635,000	301,232,000
Investments	2,052,660,000.00	1,290,638,267	376,570,000
Railroad retirement account:			
Benefit payments	151,958,994.20	198,000,000	270,000,000
Investments	156,500,000.00	327,000,000	270,000,000
Unemployment trust fund:			
Investments	101,826,600.00	440,391,890	664,673,778
Railroad unemployment insurance account:			
State accounts:			
Withdrawals by States	17,196,669.84	35,500,000	19,000,000
Transfers to railroad unemployment insurance account (act June 25, 1938)	1,128,291,000.91	800,000,000	740,000,000
Other trust funds and accounts:	428,591.34	445,000	
Other trust accounts:			
Adjusted service certificate fund:			
Investments	* 2,000,000.00	* 10,000,000	* 700,000
Other	3,879,260.28	10,470,000	714,900
Alaska Railroad retirement fund:			
Annuities and refunds	221,412.62	312,895	379,890
Investments	449,000.00	280,825	223,158
Canal Zone retirement fund:			
Annuities and refunds	1,715,814.13	2,077,904	2,328,562
Investments	1,027,000.00	601,360	218,371
Civil service retirement fund:			
Annuities and refunds	263,927,792.58	241,274,409	144,150,897
Investments	300,764,000.00	315,629,514	347,334,473
District of Columbia	77,609,929.35	93,581,527	102,229,600
Foreign Service retirement fund:			
Annuities and refunds	642,611.64	751,000	751,000
Investments	842,000.00	950,000	950,000
Government life insurance fund:			
Benefits, refunds, etc.	50,166,280.39	58,681,000	57,718,088
Investments	47,327,289.26	26,280,000	55,301,812
Indian tribal funds	6,968,527.83	1,470,000	1,690,000
Other	1,485,841,133.21	568,903,752	103,645,101
Chargeable against increment on gold:			
Melting losses, etc.	996.30		
Transfer to miscellaneous receipts			1,800,000
Unclassified	601.01		
Special deposits (net):			
District of Columbia	* 218,000.91		
Government corporations (partially owned)	75,690,392.84	128,000,000	277,000,000
Indian tribal funds	* 7,152,302.23		
Other	578,430,260.05	290,000,000	240,000,000
Subtotal	8,103,529,489.79	6,582,244,217	6,277,125,730

Footnotes at end of table.